

THE WHITE HOUSE
WASHINGTON

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October 9, 1974

MEMORANDUM FOR: THE DIRECTOR OF CENTRAL
INTELLIGENCE

SUBJECT: Leadership and Management of the
U.S. Foreign Intelligence Community

I hereby affirm the responsibilities and authority charged to you as leader of the Intelligence Community in the Presidential memorandum of November 5, 1971. Much has been accomplished, but much remains to be done.

Intelligence is of vital importance to our national security and interests. In your role as the Director of Central Intelligence, you should insure that our intelligence is of the highest quality attainable and that it supports the planning for and conduct of U.S. foreign policies and military operations. You should continue to exercise leadership in maintaining a proper balance among intelligence activities by planning and reviewing all intelligence programs and resources. Your views on intelligence activities, including tactical intelligence, should be incorporated in an annual consolidated program budget which considers the comparative effectiveness of collection programs and relative priorities among intelligence targets. Should you feel that new technology or new substantive needs make alterations in management or organization desirable, your recommendations will receive my prompt and careful attention.

I shall expect that the heads of the departments and agencies having foreign intelligence responsibilities will cooperate with you and provide you with every assistance in fulfilling your responsibilities.

ON-FILE NSC RELEASE
INSTRUCTIONS APPLY

NSC & NRO Review's Complete
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Herbert R. Gold

cc:

The Secretary of State
The Secretary of the Treasury
The Secretary of Defense
The Chairman, Joint Chiefs of Staff
The Chairman, President's Foreign Intelligence
Advisory Board
The Director, Office of Management and Budget
The Assistant to the President for National
Security Affairs
Commissioner, Atomic Energy Commission
Attorney General

THE WHITE HOUSE
WASHINGTON

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MEMORANDUM FOR THE PRESIDENT

Subject: Management of United States Foreign Intelligence

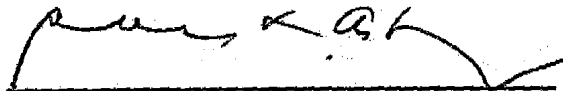
Attached at Tab A is a memorandum to the Director of Central Intelligence (DCI) which provides him with your personal direction regarding his responsibilities for the overview of U. S. foreign intelligence activities. We recommend that you sign it.

Personal Presidential letters that recognize the DCI's role as the President's principal intelligence advisor and reiterate his responsibility for coordinating U. S. intelligence activities have been customary with the last three Presidents. This latter charge to the DCI was expanded and emphasized by Presidential letter of November 1, 1971, and memorandum of November 5, 1971, entitled "Organization and Management of the U. S. Foreign Intelligence Community." Copies of these documents are at Tab B. These documents resulted from an extensive study by the staffs of OMB and NSC and were based upon joint recommendations agreed by George Shultz (then Director of OMB) and Henry Kissinger. It is particularly important that the DCI and the other members of the Intelligence Community, particularly those in the Department of Defense, are aware that these reforms of intelligence management remain in effect and have your personal endorsement. Your letter to Mr. Colby reiterating the thrust of the objectives, particularly as they relate to substantive intelligence production and resource allocation, will provide the basis for continued progress along the lines provided in the President's November 5, 1971, directive.

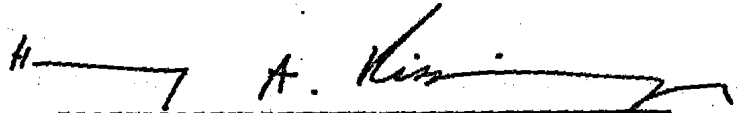
For your information, a summary report on progress to date is at Tab C.

Recommendation

That you sign the memorandum to Mr. Colby at Tab A.



Roy L. Ash
Director, Office of
Management and Budget



Henry A. Kissinger
Assistant to the President for
National Security Affairs

Enclosures

THE WHITE HOUSE

WASHINGTON

November 1, 1971

Dear Dick:

The need for improving the intelligence product and for increased efficiency in the allocation of resources devoted to the intelligence effort is urgent. In order to achieve these improvements, I will look to you to provide the intelligence community with the strengthened and responsible leadership it needs. I have decided upon some changes that I feel will provide you with the enhanced status and support needed to do the job. They are described in my memorandum to the Intelligence Principals which shall be your guide for implementation.

You should give the role of community leadership your primary attention and delegate, as much as is possible, the day-to-day management of the CIA. Four major responsibilities will require your priority attention.

- Planning and reviewing all intelligence activities including tactical intelligence and the allocation of all intelligence resources.
- Producing national intelligence required by the President and other national consumers.
- Chairing and staffing all intelligence community advisory boards or committees.
- Reconciling intelligence requirements and priorities with budgetary constraints.

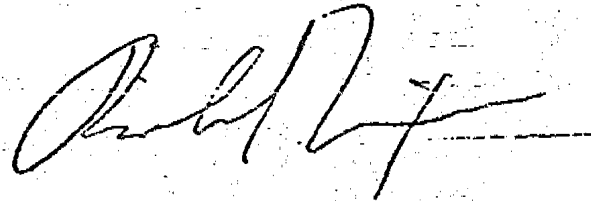
While the formal changes I have directed are limited, I hope and expect additional changes in the functioning and management of the intelligence community. I particularly expect that you will work toward the attainment of three goals:

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- A more efficient use of resources in the collection of intelligence information.
- A more effective assignment of functions within the community.
- Improvement in the quality and scope of the substantive product.

In your efforts to attain these goals, you will have my strong support. Should, in your opinion, further changes in the management and organization of the intelligence community be needed, they will receive prompt and sympathetic attention from me.

Sincerely,



Honorable Richard M. Helms
Director of Central Intelligence
Central Intelligence Agency
Washington, D.C. 20505

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THE WHITE HOUSE

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November 5, 1971

MEMORANDUM FOR:

The Secretary of State
The Secretary of the Treasury
The Secretary of Defense
The Attorney General
The Director of Central Intelligence
The Director, Office of Science and Technology
The Chairman, Joint Chiefs of Staff
The Chairman, President's Foreign Intelligence
Advisory Board
The Chairman, Atomic Energy Commission

NSC/NRO Review
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SUBJECT:

Organization and Management of the U.S.
Foreign Intelligence Community

I have recently reviewed and accepted recommendations on ways in which to improve the functioning of the intelligence community. This memorandum establishes a set of goals and directs organizational and management changes to attain them. It also expresses my concern about major resource management and substantive production problems as guidance to the community for further changes in the future.

The need for an improved intelligence product and for greater efficiency in the use of resources allocated to intelligence is urgent. Resources available for use by the intelligence community will be increasingly constrained and may have to be reduced. At the same time the product of the intelligence community will be of increasing importance to U.S. security and national interests as:

- the relative strength of Soviet and other potential military forces grows with respect to those of the U.S. where previously U.S. superiority was unquestioned;

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- the international environment grows more complex; and financial, commercial and economic factors assume greater significance;
- the need for timely intelligence becomes greater.

I. Objectives

Among the major objectives that must be attained if the efficiency and effectiveness of the intelligence community are to increase substantially are:

- The responsiveness of the U.S. intelligence effort with respect to national requirements must be subject to continuing review.
- Authoritative and responsible leadership for the community as a whole must be assured.
- A more efficient use of resources by the community in the collection of intelligence information must be achieved. Utilization of the means available must be in consonance with approved requirements of U.S. security and national interests.
- Assignment of intelligence functions within the community must be reviewed and revised to eliminate inefficient, unnecessary or outmoded activities.
- The quality, scope and timeliness of the community's product must be improved.
- The provision of intelligence and its utilization must enhance the formulation of the foreign, military and economic policies of the U.S. Government and the planning for and conduct of military operations by U.S. forces.

II. The Necessary Conditions

A number of specific conditions are necessary to the achievement of these objectives.

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- The Director of Central Intelligence (DCI) must delegate direct authority to the Deputy Director of Central Intelligence (as far as is possible without legislation) for the plans, programs, and day-to-day operations of the CIA, and must assume overall leadership of the community.
- More effective review of intelligence product quality and policy must be provided to the DCI, especially by high-level consumers of substantive national intelligence.
- Major issues within the intelligence community must be addressed in such a way that the DCI plays a major role in their resolution. The DCI must have an increased and restructured personal staff to allow him to discharge his augmented responsibilities.
- The DCI should be supported by two major committees of the intelligence community, each of which he chairs, with clearly defined advisory functions embracing his responsibilities related to intelligence production and requirements on the one hand and to intelligence budget and allocation of resources on the other.
- Intelligence collection programs, largely financed and managed by the Department of Defense, must come under more effective management and coordination with other intelligence programs.
- The NSCIDs and DCIDs must be rewritten to reflect the changes directed herein and others as they occur, particularly to reflect reassignment of functions.

III. Measures Decided Upon

After careful consideration, I have decided that the measures listed below are to be taken now to move toward attainment of the stated objectives. They are designed primarily to: (1) enhance the authority and capability of the DCI to provide the required community leadership, (2) provide review and guidance regarding the substantive intelligence product, and (3) more effectively restructure intelligence activities.

- I am directing the Director of Central Intelligence to assume leadership of the community in planning, reviewing, coordinating, and evaluating all intelligence programs and activities, and in the production of national intelligence. I shall look to him to improve the performance of the community, to provide his judgments on the efficiency and effectiveness of all intelligence programs and activities (including tactical intelligence), and to recommend the appropriate allocation of resources to be devoted to intelligence.

He will thus assume four major responsibilities:

- Planning and reviewing all intelligence activities and the allocation of all intelligence resources.
- Producing national intelligence required by the President and other national consumers.
- Chairing and staffing all intelligence community advisory boards or committees.
- Reconciling intelligence requirements and priorities within budgetary constraints.

So that he can effectively undertake this community leadership role, I am requesting the DCI to submit to me within 30 days his plan for the appropriate delegation of his current operational responsibilities and for increased staff support for his new role.

- I am directing the Director of Central Intelligence to prepare and submit each year, through OMB, a consolidated intelligence program budget, including tactical intelligence. All information required from all departments and agencies of the Executive Branch is to be made available to him in order that he may provide me with an annual detailed review of the needs and performance of the intelligence community.
- I am creating an Intelligence Resources Advisory Committee, chaired by the Director of Central Intelligence, including as members a senior

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representative from the Department of Defense, the Department of State, the Office of Management and Budget, and the Central Intelligence Agency. This committee is to advise the DCI on the preparation of the intelligence budget and the allocation of resources among programs, ensuring that they are employed in accordance with approved requirements and that there is no unwarranted duplication.

-- I am also directing that the USIB be reconstituted under the chairmanship of the DCI including as members the Deputy Director of Central Intelligence (Vice Chairman); Director of Bureau of Intelligence and Research (INR), State Department; Director of National Security Agency (NSA); Director of the Defense Intelligence Agency (DIA) and representatives of the Secretary of the Treasury and of the Director of the Federal Bureau of Investigation and the Atomic Energy Commission (AEC). The USIB will advise and assist the DCI with respect to the production of national intelligence requirements and priorities, the supervision of the dissemination and security of intelligence material, and the protection of intelligence sources and methods.

-- I am authorizing the DCI to call upon all departments and agencies of the Executive Branch of the Government to provide requisite information to these two committees and to invite additional participation in their deliberations as may be required in his judgment.

-- I am also establishing a National Security Council Intelligence Committee (NSCIC). Its members will be the Attorney General, the Director of Central Intelligence, the Under Secretary of State, the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Assistant to the President for National Security Affairs, who will chair the committee. It will give direction and guidance on national substantive intelligence needs

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and provide for a continuing evaluation of intelligence products from the viewpoint of the intelligence consumer.

- As a related matter, I am directing that a Net Assessment Group be created within the National Security Council Staff. The group will be headed by a senior staff member and will be responsible for reviewing and evaluating all intelligence products and for producing net assessments of U.S. capabilities vis-a-vis those of foreign governments constituting a threat to U.S. security.
- I am directing the retention of the present management structure of the National Reconnaissance Office.
- I am directing the Department of Defense to issue such directives as are required to establish no later than January 1, 1972:
 - . A unified National Cryptologic Command under Director, NSA for the conduct of USG communications intelligence and electronics intelligence activities.
 - . A single Office of Defense Investigations.
 - . A consolidated Defense Map Agency by combining the three Service mapping organizations under arrangements that permit optimum efficiency and economy in production without impairing legitimate requirements of the separate Services.
 - . The retention of the DIA to be fully responsive to tasking by the Joint Chiefs of Staff in matters involving essential intelligence support for military planning and operations.
- I am directing staffs of the NSC, DCI and OMB, in consultation and coordination with the President's Foreign Intelligence Advisory Board to make appropriate revisions not later than December 1, 1971 to the NSCID's and other directives as needed to implement the provisions of this memorandum.

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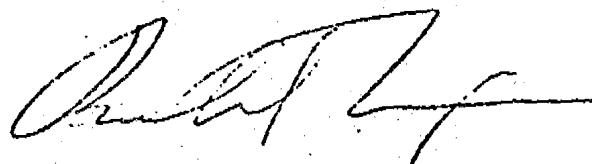
IV. Remaining Problems

The changes I have directed at this time are limited, but I fully expect further changes in the intelligence community consistent with maximum practicable attainment of my objectives.

By far the largest portion of the intelligence budget is devoted to collection. It is here that savings must be sought. Future assignments of roles and missions within the intelligence community cannot be made satisfactorily by compromises among agencies.

The need to make some savings is so urgent that I have directed the Office of Management and Budget, jointly with the DCI and Secretary of Defense, to review the FY 1973 budget for intelligence and to submit specific reductions from current programs, with particular attention to tactical intelligence.

Significant improvement in the intelligence product is also needed. The NSCIC will afford improved guidance regarding consumer needs. Other changes in the consumer-producer relationship may be needed to achieve a more effective reconciliation of the demands from consumers with the limited resources available for intelligence production. It seems desirable in this connection, that resources devoted to analysis and production should increase and that a determined effort be made to upgrade analysis personnel and analysis methods. More rewarding careers for intelligence analysts, including the opportunity to reach high salary levels while remaining analysts, should be considered. An early task of the DCI should be the preparation of a comprehensive program focused upon improving the intelligence process and product.



cc: Director, Office of Management and Budget
Assistant to the President for National Security Affairs

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MANAGEMENT OF THE UNITED STATES
INTELLIGENCE EFFORT

President Nixon on November 5, 1971, issued a memorandum, "Organization and Management of the U. S. Foreign Intelligence Community," in which he accepted various recommendations for improving the functioning of the Intelligence Community, set forth major objectives for it, and provided a series of directives for action, including the assignment of major responsibilities to the Director of Central Intelligence.

Prior to this memorandum, the environment within the Intelligence Community was characterized as follows:

- The Director of Central Intelligence (DCI) was absorbed in day-to-day operational management of CIA.
- Involvement of the DCI's personal staff in community management was minimal and generally ineffective.
- The community was "managed" by the United States Intelligence Board (USIB) and its multiple committees through consensus and logrolling of competing agencies.
- The Secretary of Defense, with the bulk of resources, exercised no strong leadership within Defense - his staff support was diffused and programs were not coordinated.
- Intelligence functions were scattered and disorganized, stimulating bureaucratic competition for resources.
- Policy-level guidance on substantive intelligence needs was absent.
- Review of quality, scope, and timeliness of the community's product was neither systematic nor continuing.

CLASSIFIED BY James M. Frey
EXEMPT FROM GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
EXEMPTION CATEGORY 5B (2)
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In response to this environment, the President's November 1971 memorandum established the following objectives for the Intelligence Community:

a. continuing review of the responsiveness of intelligence efforts to national requirements;

b. authoritative and responsible leadership for the community;

c. more efficient use of collection resources;

d. elimination of inefficient, unnecessary, or outmoded activities;

e. improvement in quality, scope, and timeliness of the community's product; and

f. improved support of intelligence to the formulation of foreign and economic policies and military operations.

To achieve these objectives, the DCI was to provide overall leadership of the community by delegating, as far as possible, authority to the Deputy Director for day-to-day operations of the CIA; by having high-level consumers of substantive national intelligence provide a more effective review of product quality and scope; by playing a major role in the resolution of major issues within the Intelligence Community; and by the establishment of two supporting advisory committees to the DCI - one for intelligence production and requirements (the United States Intelligence Board - USIB) and one for allocation of resources and the intelligence budget (Intelligence Resources Advisory Committee - IRAC). In this latter respect, the DCI was charged to prepare and submit, through OMB, a consolidated intelligence program budget, including tactical intelligence, as a major means of influencing Intelligence Community resources.

The DCI has made substantial progress in effecting the recommendations of the memorandum:

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- The DCI has expanded his personal staff and widened its involvement in activities of the Intelligence Community; improved guidance for planning of programs has been provided and a newly instituted Key Intelligence Questions (KIQs) process has developed a methodology for review and evaluation of intelligence activities.
- Working in consultation with Defense, he submitted consolidated program/budgets for 1974 and 1975; a more elaborate submission for 1976 is now being prepared.
- The DCI chairs regular meetings of the IRAC to review the resource needs and utilization of the intelligence agencies.
- To improve the national intelligence required by the President and other national consumers, the DCI has reviewed some product formats, introduced some new products, appointed National Intelligence Officers for the consumer-producer liaison function, and undertaken additional research into new analytic methods.

Nonetheless, much remains to be done. The major shortcomings which in time can be overcome include:

- Neither the DCI nor IRAC has assumed the leading role in resource allocation; Defense continues to dominate the resource review processes, and most programs continue to be viewed in isolation.
- No great effort to upgrade analytic personnel is evident; OMB has asked the DCI to review this area in his 1976 budget recommendations.
- Policy-level direction and guidance on national substantive intelligence needs can be further improved.

The current DCI is determined to bring about further improvements in these areas. A new statement of Presidential direction and continuing support from the Executive Office will assist him in his efforts.

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